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China's Export Policy to Hong Kong

The Chinese government has announced that effective January 1, 2002, chilled/frozen chicken products can be exported to Hong Kong without going through any sole agent. They have also lifted their export quotas on chilled and frozen beef, pork and chicken to Hong Kong. The policy change is expected to both increase the amount of exports to Hong Kong and the number of importers in Hong Kong that will be buying product from mainland China. Poultry exports, particularly whole chickens, are expected to rise this year to Hong Kong. Hong Kong buys mainly whole chickens from China.

In the past, Hong Kong importers who wished to bring in meat products from China had to go through a sole agent, Ng Fung Hong. The agent was appointed by China and they were paid a 3% handling fee. With the elimination of Ng Fung Hong as the sole agent, Hong Kong importers will no longer need to pay the handling fees resulting in China's chicken products being more price competitive.

The Hong Kong government is still discussing with China the health certificate requirements for chilled meat exports from China to Hong Kong. It is anticipated that in mid-2002 China will be able to export chilled poultry products to Hong Kong. The policy change will pose a great threat to Hong Kong's 144 chicken farms because chilled whole chickens from China are price-advantaged over the live chickens grown in Hong Kong. It is predicted that the chilled whole chickens from China have the potential to replace the live chickens grown in Hong Kong.

The import of whole chickens has surged over the past few years as consumers have started eating more chilled/frozen poultry products at the expense of live chickens. Retained imports of whole chicken surged 38% in Jan - Nov, 2001 when compared to the same period in 2000. Most of the supplies came from China, which occupied about 72% of the market share followed by Brazil at a share of 16%. The trend is expected to continue in the future, particularly with the change of China's export policy.

Source: USDA/FAS

Hong Kong Imports and Re-exports to China

Hong Kong's re-exports of chicken products between January - November, 2000 and 2001 decreased 18%. Chicken imports into Hong Kong were reduced mainly because of the decreased re-exports to China. Imports of the major re-export categories consisted of chicken feet -5%, chicken wings -4%, and chicken frozen cuts -37%. Hong Kong's imports of chicken frozen cuts dropped 37% in 2001 as a result of the U.S.' diversion of leg quarters to Russia and reduced exports to Hong Kong. Importers that re-export product to China have noted that it is harder to get product into China after China became WTO member because the Chinese authorities issued less import licenses allowed less import volume.

Source: USDA/FAS

Russia

The Veterinary Department of the Ministry of Agriculture has declared that from March, 15 imports of pork, beef and poultry from China are suspended. The Ministry said that this measure was necessary because the Chinese side did not fulfill the mutual agreements on conditions of control by Russian representatives on meat deliveries to Russia. Russia had also banned imports from parts of Spain and has indicated a willingness to consider banning imports from additional countries.

Russia officially imposed its ban on U.S. poultry on Sunday, March 10, 2002 stating that they have legitimate health concerns. Last week nine shipments of poultry were quarantined in the St. Petersburg after they were tested positive for salmonella. The chicken already in transit will be let through the border on a case-by-case basis for up to 20 days.

Source: Various News Sources

Hong Kong Poultry Imports & Percentage Re-exported, Jan-Nov

Unit: MT	2000 Import	2000 Re-export	%re-exported
Total poultry	1,050,305	787,247	75%
total turkey	31,278	23,321	75%
total chicken	967,298	749,106	77%
	2001 Import	2001 Re-export	% re-exported
Total poultry	909,071	650,670	72%
total turkey	21,408	16,783	78%
total chicken	836,874	619,129	74%

Hong Kong Poultry Imports by Major Suppliers, Jan - Nov

	2000 MT	2001 MT	%change
--The World --	1,050,305	909,071	-13%
United States	684,672	569,510	-17%
Brazil	126,621	121,136	-4%
China	54,595	62,134	14%
United Kingdom	32,165	24,996	-22%
Thailand	19,508	21,781	12%

Japanese Powdered Egg Imports (in metric tons)

	Powdered Whole Eggs	Powdered Yolks	Powdered Albumen	Total
2000				
September	131.0	173.7	600.1	904.8
October	242.9	177.3	857.2	1,277.4
November	197.1	213.0	900.5	1,310.6
2000 YTD	2,222.0	1,843.1	8,770.4	12,835.5
2001				
September	243.6	156.1	606.2	1,005.9
October	300.0	166.3	1,039.8	1,506.1
November	297.9	184.2	1,029.6	1,511.7
2001 YTD	2,782.5	1,983.6	9,059.4	13,825.5

Source: ALIC Monthly Statistics

Inspected Egg Products-U.S. & Canada Export/Import Trade**U.S. Exports to Canada, in Pounds (000) (Preliminary)**

Week Ending Mar 02, 2002	Year-To-Date			
Type	2002	2001 /1	2002	2001
Liquid	358	291	2,687	1,403
Frozen	0	0	0	0
Dried	0	22	0	22
Total	358	313	2,687	1,425

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Week Ending Mar 02, 2002	Year-To-Date			
Type	2002	2001/1	2002	2001
Liquid	87	55	806	1,024
Frozen	42	9	481	204
Dried	130	0	486	82
Total	259	64	1,773	1,310

Inspected Shell Eggs**U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

Week Ending Mar 02, 2002	Year-To-Date			
	2002	2001 /1	2002	2001
Jumbo	77	0	77	24
Extra Large	60	380	450	1,720
Large	1,897	2,970	7,756	16,075
Medium	1,620	2,848	6,931	5,998
Ungraded	0	780	0	12,840
Misc	1,790	0	4,294	2,437
Total	5,444	6,978	19,508	39,094

/1 Comparable Week, to-date figures may not total due to rounding.

Source: USDA/AMS Poultry Programs, Market News Branch in cooperation with Agriculture Canada, Poultry Development Division.

LIVE POULTRY SLTRD UNDER INSPECTION W/E 02-Mar-02**(PRELIMINARY) U.S. FOWL SLAUGHTERED DOMESTICALLY**

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
HEAD	1,705	1,341	3,046
LAST WEEK	1,867	1,286	3,153
SAME WEEK YR AGO	1,910	1,261	3,171
TO-DATE/2002	16,260	11,466	27,726
TO-DATE/2001	16,477	11,382	27,859

U.S. FOWL SLAUGHTERED IN CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
HEAD	298	0	298
LAST WEEK	450	0	450
SAME WEEK YR AGO	483	0	483
TO-DATE/2002	3,196	20	3,216
TO-DATE/2001	4,742	48	4,790

SOURCE: AGRICULTURE CANADA, PLTRY DEVELOPMENT DIV.

TOTAL U.S. FOWL SLAUGHTERED IN THE U.S. AND CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
HEAD	2,003	1,341	3,344
LAST WEEK	2,317	1,286	3,603
SAME WEEK YR AGO	2,393	1,261	3,654
TO-DATE/2002	19,456	11,486	30,942
TO-DATE/2001	21,219	11,430	32,649

SOURCE: USDA/AMS POULTRY PROGRAMS, MARKET NEWS BRANCH

CENTRAL REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

	08-MAR-2002			
CHICKEN	PRICES ——— VOLUME ———			
	(Cents per Pound)			

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED

	PRICES ——— VOLUME ———			
	(Cents per Pound)			

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				
15-20%				
RANGE	11.00-14.00	8.00-12.50	1,719,600	530,400
WTD AVERAGE	12.66	9.76		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

	08-MAR-2002			
CHICKEN	PRICES ——— VOLUME ———			
	(Cents per Pound)			

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED

	PRICES ——— VOLUME ———			
	(Cents per Pound)			

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	14.00-16.00	13.50-14.00	1,053,900	478,000
WTD AVERAGE	15.12	13.58		
15-20%				
RANGE	13.00-13.90	10.00-13.50	1,457,700	104,000
WTD AVERAGE	13.63	12.11		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 8 MARCH 2002.

The undertone on white meat continued steady to instances weak, however, a few processors have noted increased further processed demand resulting in isolated defrosting of frozen product. Demand light to instances fair with offerings still exceeding buyer interest. Domestic demand on bulk parts showed signs of increased activity with trading generally noted at steady to lower trending price levels. Interest was noted on drums from smokers. Offerings were available, except for hen 2-joint wings which were held with confidence. Undertone on 4-8 lb. breasts were steady to barely steady, institutional sizes were steady to weak. Offerings of 4-8 lb. breasts at least adequate, institutional sizes adequate to burdensome. Increased activity was noted on MST for human consumption resulting in less being sold to pet foods. However, MST movement into pet food channels remained active. Otherwise, domestic trading was moderate on 4-8 lb. breasts, balance light. Fresh wing meat traded at 75 cents delivered. Export trading was moderate on frozen thigh meat and MST, balance light. Tom necks traded at 18-20 and mixed hand cut machine defatted gizzards traded at 36 cents delivered export. Increased export activity was noted from South America.

FRIDAY, MARCH 08, 2002**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS		W	28.50	160	28.50	240
WINGS FULL-CUT - TOMS		R	26.50	40	26.22	92
WINGS, V-TYPE, TOM TAILS						
MECHANICALLY SEPARATED 2/	9.00-13.00		11.01	288	11.69	528
THIGH MEAT - FROZEN	59.00-59.50		59.23	224	59.99	488

THURSDAY, MARCH 07, 2002**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		W	28.50	160
WINGS FULL-CUT - TOMS	26.50		26.50	40
WINGS, V-TYPE, TOM TAILS				
MECHANICALLY SEPARATED 2/		T	13.00	80
THIGH MEAT - FROZEN	61.00		61.00	80

WEDNESDAY, MARCH 06, 2002**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	28.00-29.00		28.50	160
WINGS FULL-CUT - TOMS	26.00		26.00	52
WINGS, V-TYPE, TOM TAILS				
MECHANICALLY SEPARATED 2/		T	13.00	80
THIGH MEAT - FROZEN	62.50		62.50	40

TUESDAY, MARCH 05, 2002**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		M	28.50	80
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM TAILS				
MECHANICALLY SEPARATED 2/	13.00		13.00	80
THIGH MEAT - FROZEN	59.50		59.50	104

MONDAY, MARCH 04, 2002**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	28.00-29.00		28.50	80
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM TAILS				
MECHANICALLY SEPARATED 2/	10.00-13.00		12.25	160
THIGH MEAT - FROZEN	61.00		61.00	40

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY
2/ Product contains 15-20% fat with skin added.